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STARK: "GAINSHARING HEARING MISGUIDED"

WASHINGTON – At today's Health Subcommittee hearing on "gainsharing," Ranking Democrat Pete Stark (D-CA, 13th) gave the following statement:

"Madam Chair, with all of the other issues we have before us, Madam Chair – including implementation of the new private drug coverage program in Medicare, which is clearly in need of oversight – I respectfully submit that this topic should not be high on our list of priorities.

"Nearly 20 years ago in this Subcommittee, we examined this issue – though it wasn't called "gainsharing" at the time – and decided that it wasn't such a good idea to encourage profit-sharing at the expense of beneficiaries and taxpayers. When the hospital prospective payment system was implemented, hospitals began enlisting the assistance of physicians through incentive plans to help contain costs. Because this created new inducements to potentially withhold needed care, Congress enacted new penalties in title XI of the Social Security Act in 1986 and subsequent years.

"Bluntly stated, the discussion we're having today is about whether to turn back time. Yet, the potential for abuse is the same today as it was in the mid-1980s, if not greater. Now, as then, beneficiaries and taxpayers are the ones who will suffer if these arrangements are unleashed.

"Frankly, madam chair, the underpinnings of today's discussion make me think that we may be paying hospitals too much. If there are efficiencies to be gained – and I'm sure there are in some cases – Medicare should be the one to reap the benefit.

"Instead, we're here today to consider ways to foster inappropriate relationships to boost physician income. Such conflicted relationships are already far too prevalent in our health system.

"In July we heard testimony from Dr. Jerome Kassir, former Editor of the New England Journal of Medicine, about how financial relationships between physicians and the pharmaceutical, biotech, and medical device industries are adversely affecting quality of care.

"In fact, I understand that the Department of Justice has recently issued numerous subpoenas

in an investigation of orthopedic device manufacturers' relationships with surgeons. It is highly likely that at least some of these relationships include illegal kickbacks. I am submitting for the record a recent article in the New York Times that exposes this issue.

"We should be considering ways to curb these relationships, not propagate them by undoing the few protections we have in the law.

"This discussion on "gainsharing" is not only misguided, it is potentially dangerous. Despite our philosophical disagreements on the overall direction of the program, this Subcommittee has a long history of working bipartisanly to reduce fraud and abuse. We should continue this tradition by finding ways to work together to ensure that Medicare's dollars are judiciously spent, and that beneficiaries are appropriately protected. In the interim, I hope we will not take steps legislatively to promote this misguided concept."